



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

June 16, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
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Third District

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Fifth District

**WORKERS' COMPENSATION MEDICAL AND DISABILITY MANAGEMENT COST
CONTAINMENT SERVICES CONTRACT (ITEM NO. 23, AGENDA OF JUNE 17,
2003)**

At the June 10, 2003, Board of Supervisors meeting, an extension of the current Workers' Compensation Medical and Disability Management Cost Containment Services Contract with Corvel Corporation was continued until June 17, 2003. During the brief discussion of the agenda item, two questions were asked by the Board of Supervisors. The first question concerned the reference checking process conducted during the renewal of the Workers' Compensation Medical and Disability Management Cost Containment Services Contract. The Chief Administrative Office Risk Management Branch researched the question and found that for all six proposers, three references out of the five references provided were contacted. Specifically, for one of the proposers, ComplQ, the specific three references checked were Southern California Edison, City of Anaheim and City of San Jose.

Because ComplQ does not provide all the services requested under the RFP, ComplQ has partnered or subcontracted with GSG to provide the full scope of services; e.g. nurse case management. Unfortunately, ComplQ's documents are, somewhat confusing. ComplQ attempted to submit ten references, five each for ComplQ and GSG. However, ComplQ's documents reflect that ComplQ submitted the names of what turned out to be ComplQ's references on a page entitled "Prospective Contractor **List of Contracts**" and the names of GSG's references on a page entitled "Prospective Contractor **References** for GSG." The latter page was the one from which all three of

this proposer's references were checked. While this "reference" list did include the State Compensation Insurance Fund, it did not include the Acacia Pacific Holding Company mentioned in subsequent ComplQ correspondence. In fact, "Acacia Pacific Holding Company" is not listed on either list. After further research, staff discovered the website for this company indicates Acacia Pacific Holding Company is the parent company for American Commercial Claims, a client on the list submitted by ComplQ on its "contracts" list.

After consultation with Auditor-Controller staff, the Request for Proposal's scoring team decided to contact all references displayed for all proposers including what we now understand are the ComplQ and GSG references. All five references submitted by the other proposers and the ten submitted by ComplQ and its subcontractor GSG will be contacted. The three highest scoring references for each proposer will be applied.

During the Board Meeting a second question was, also, asked; specifically, the need for a 180 day extension to complete the RFP's evaluation. The 180 day extension anticipated the need to reconvene the evaluation committee, rescore the evaluations, contact references, and conduct an appeals process. At the time of filing, Chief Administrative Office Risk Management Branch staff believed a minimum of 60 days would be required for the appeals process alone, followed by contract negotiation and Board of Supervisors' agenda filing time. A sufficient amount of time, 180 days appeared to be appropriate; however, in the extension was inserted a 30-day termination for convenience clause. If the evaluation process was properly completed in a shorter amount of time, the termination clause would be invoked and the extension terminated earlier than 180 days. We have now learned we can shorten the appeals process.

CAO Risk Management spoke with the current provider, Corvel Corporation, who has been cooperative and agreed to either a month-to-month extension arrangement or an extension of any length of time up to 180 days with inclusion of a 30-day termination clause. Accordingly, Chief Administrative Office Risk Management staff recommends a month-to-month extension for a maximum of 90 days.

DEJ:SRH:
RAA:CS:mtm

c: Executive Officer, Board of Supervisors
County Counsel